



## **HOME BUYING GUIDE**

**Applying for Your Loan**

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The first item that requires your attention is the selection of a lender and completion of a mortgage application. This should be accomplished within the time frame mentioned in your purchase agreement, which is typically within 3 days. Take the completed Purchase Agreement with you when you first visit your lender. We can assist you with the completion and submission of your application upon request.

Your lender's job is to understand your particular financial circumstances completely. All information on the application will be reviewed at your meeting with the loan officer. Rarely does a situation arises that your loan officer has not encountered in the past. Do not hesitate to discuss any concerns that you have regarding your assets, income, or credit. By providing complete information you can prevent delays or extra visits to deliver documents.

## **Loan Application Checklist**

The amount of documentation and information required for a mortgage can seem overwhelming. You can facilitate the application process by collecting as much of the needed information as you can before your appointment. The checklist that follows is a general guide prepared to assist you with the loan application. Some of the items listed may not apply to you and almost certainly there will be some specific items your lender will request which we have not mentioned, but this list will get you off to a good start. Many of the items listed below are some of the actual questions on the application.

### **Property Information**

- The Purchase Agreement will include the location of the property and the price.

### **Personal Information**

- Social Security number and drivers license for all borrowers
- Home addresses for the last two years
- Divorce decree and separation agreements, if applicable

### **Income**

- Most recent pay stubs
- Documentation on any supplemental income: Bonuses, commissions
- Names, addresses, and phone numbers of all employers for last two years
- W-2's for last two years

- If self-employed or commissioned sales, copies of last two years' tax returns with all schedules and year-to-date profit & loss for current year.
- Documentation of alimony/child support, if this income is to be considered for the loan

### **Real Estate Owned**

- Names, addresses, phone numbers, and account numbers of all mortgage lenders and landlords for the last two years
- Copies of leases and two years' tax returns for any rental property
- Market value estimate on any real estate owned

### **Liquid Assets**

- Complete names, addresses, phone numbers, and account numbers for all bank accounts, credit union, 401K, investment accounts
- Copies of three months most recent statements for all bank accounts
- Copies of any notes receivable
- Value of other assets such as auto, households goods, and collectibles
- Cash value of life insurance policies
- Vested interest in retirement funds, IRA's, etc

### **Liabilities**

- Name and account number for all revolving charge cards, balance, and current monthly payment amount
- Name, addresses, phone numbers, and account numbers for all installment debt, approximate balance and monthly payments for such items as autos and mortgage
- Alimony or child support payments
- Names, addresses, phone numbers, and account numbers of accounts recently paid off, ONLY if to be used to establish credit

***Please note, you will be asked to pay for a credit report and an appraisal upon signing the application.***

### **Loan Processing**

Once all preliminary information has been given to your lender, verification forms will be sent to your employers, banks, and current mortgage company or landlord. A credit report and appraisal of the property will be ordered. You will be asked to sign a release

form to authorize this. Your lender will provide you with a Good Faith Estimate and a Truth-in Lending Disclosure.

- **The Good Faith Estimate** lists the costs you will incur at closing. Some of the numbers listed on this form are estimates, subject to change based usually on the actual date of the closing. Others are exact amounts which should not change.
- **The Truth-in-Lending Disclosure** shows the total cost to you, over the term of the loan, for your specific financing. The calculation is based on the assumption that you own the home and make regular payments throughout the term of the loan.
- The lender will send **Verification of Employment** (VOE) forms to all employers for the last two years. The employers complete the form, sign and return it to the lender. The forms show the dates of employment, the amount of money you earned last year, and how much you have earned so far this year. The VOE documents bonuses and overtime you earned.
- **Verification of Deposit** (VOD) forms are sent to each banking institution listed on your application. The institutions will indicate the date you opened each account, average balances for the last three months, and the amount of money you have in each account on the day they complete the form. Any loans or overdraft accounts you have with the bank will also be shown.
- **Verification of Mortgage** (VOM) go to mortgage companies and landlords. They complete the forms to document for the lender how much you owe, the amount of your monthly payment, and whether you make your payments by the due date or after.
- Your **Credit Report** shows the amounts of money you owe to each of your creditors, minimum monthly payments, and your manner of payment.
- The **Appraisal** on the property provides your lender confirmation of the value of the property you are purchasing.

Typically, several weeks pass as these reports and forms are returned to the lender. If any delays are encountered, the lender may contact you for assistance. The credit reporting agency may call you to verify that the information they have gathered is correct.

Once this standard documentation has been compiled you may be asked to write letters in regard to your assets, income, or credit. Few loans are finalized without some additional information being obtained just before final approval. At this point you may become frustrated with the loan process. Please remember that your lender requests these letters to assist you in obtaining your financing. Do not hesitate to discuss any

concerns with us or the lender. We can provide some additional insight on what may seem to be redundant requests.

Prior to the processor finalizing your loan, he or she will verify the final sales price. Make sure that copies of all addendum such as specifications package and any change orders signed after the original Purchase Agreement was completed, have been sent to the lender. This assists the lender in determining the exact loan amount. If any changes occur which will affect the total price after this time, you may have to pay for additional items in cash, if not presented to the lender when the change was made.

## **Loan Approval**

Your lender will determine the timing to obtain final loan approval and will provide us a pre-qualification letter within 2 days after you submit your application. This allows us to start construction of your new home. You will also discuss additional items that may be needed to obtain final loan approval. Several weeks after your first meeting with the lender, you should receive loan approval. If any of the information requested has not been returned to the mortgage company in a timely manner, the time frame will be longer.

## **Contingencies**

Loan approvals often carry "conditions of approval". The sale of a previous home or proof of funds are two examples. Please be sure to discuss any concern you may have about such conditions with your lender and obtain any requested documentation as soon as possible. Once all contingencies are met, final loan approval can be obtained.

## **Loan Lock**

The only thing anyone can know for certain about loan rates is that they will change. Do not rely on anyone's advice or predictions regarding mortgage rates. Locking your rate prematurely can result in extra expense if your new home is not complete in time to close within the lock period. As it is stated on your purchase agreement, we can not warrant you an interest rate or advise when to lock your rate. We are happy to update you throughout the process of construction on the expected delivery date. Until we reach a point in construction where factors outside our control can no longer affect the delivery date, you will receive an approximate completion date. The decision to lock your loan is at best a gamble. Your lender can provide you with any additional details regarding the locking in of your rate.